



JUMBO (BELA.AT)

Outlook:

We downgrade JUMBO's Fair Estimated Price to 17.00Euros/Share from 20.00Euros/Share previously with an investment thesis of UV (UNDERVALUED) to accurately reflect the worse macro economic conditions in Risk Free rate and the streamlined CAPEX and working capital expenses incurred. The group maintains a healthy capital structure which ensures flexibility for new projects and low exposure to Long Term Debt, mainly as a backup credit line.

JUMBO'S FY'18 results at a glance:

- Jumbo's consolidated revenues came up at 753.43mn.Euros demonstrating a stellar 10.53% growth on o y-o-y basis surpassing management's guidance for 5.00%-7.00% growth rate.
- Group's operating earnings reached the 196.00mn. Euros marking a 1.00% y-y growth.
- Net gains came up 126.39mn. from 120.00mn. in the FY16.
- Jumbo's DPS came up at 0.36Euros/Share.

Date: 24/10/18

FAIR ESTIMATED PRICE: **17.00Euros/Share**

Investment Thesis: **UV**

Key Statistics:

VALUATION	24/10/2018
Share Price	12,70
Price High 52 week	16,32
Price Low 52 week	10,90
Current num. of shares	136.059.759
P/E	14
Market Cap.	1.727.958.939
EPS (Trailing)	0,93
DPS (FY18)	0,36
<i>*Closing Price as 23/10/2018</i>	

JUMBO(BELA)-FY18 UPDATE

Jumbo's FY18 results surpassed the management's guidance that called for a 5.00%-7.00% revenue growth on a y-o-y basis as finally reached the 753.30mn.Euros, an all time record. Additionally, operating earnings (EBITDA) marked 1.00% growth in the respective period and could be characterized as satisfactory, following the ongoing intensive CAPEX program for the further penetration in the markets of Bulgaria and Romania respectively. Finally, the substantial bottom line earnings enable the management's efforts to expand while keeping a constant dividend rate policy.

In our previous Jumbo HY'18 update report (see JUMBO(BELA)250118), we had modified our estimates due to the Group's exceptional evidenced growth, as its consolidated revenue growth had surpassed management's previous earnings guidance marking an outstanding 10.22%, followed by strong operating performance. Considering these, we had applied a higher growth rate of 5.50% to our valuation model for the 2018-2022 period and equally we had lowered our gross margin estimates, because of the evidenced pursuit of A more aggressive pricing policy in the Foreign markets.

However, FY'18 results confirmed the Group's outstanding performance for yet another fiscal year surpassing management's earnings guidance and our projections respectively and resulted to the generation of satisfactory EBITDA and bottom line earnings along with important DPS. The Group's growth headwinds are the foreign operations with substantial growth in the Bulgarian and Romanian market while the Cypriot and Hellenic markets are demonstrating mild single digit growth.

Despite the solid FY18 results, we decided to downgrade Jumbo's fair estimated price to 17.00Euros/Share from 20.00Euros/Share previously to reflect: A) The increased macroeconomic risk as depicted by the 10Y GGB Bond yield, B) The increased operating expenses that accompany the further growth in sales and C) CAPEX associated with the planned expansion and further penetration in foreign markets which the group operates.

As a result, we proceeded to alter our valuation model by: 1) Utilizing a more normalized projected gross profit margin to accurately reflect the economies of scale due to the ongoing increase of trading volumes 2) Incorporating 5.50% Risk Free rate from 4.50% previously and finally 3) Increasing CAPEX spending to a level of an average of 50.00mn.Euros per annum. These changes led our estimates for cumulative Revenues to 4.43bn.Euros, cumulative EBITDA at 1.16bn.Euros and 750.00mn. Euros in Net gains for the 2019-2023 period, while in terms of FCFE the generation of cumulative 535.00mn.Euros in the 2019-2023 period appears to be more feasible. These changes lead us to a Fair Estimated Price of 17.00Euros/Share from 20.00Euros/Share previously, while we still retain our UV thesis. Finally, we consider the current share price level of the share as a suitable entry point which could provide the shareholder with the opportunity to participate in the Group's strong growth prospects and the generated value of the stated dividend policy.

FINANCIAL SUMMARY AND VALUATION TABLES

Table I: Income Statement

INCOME STATEMENT	2018A	2019E	2020E	2021E	2022E
Revenues	753.299.915	793.614.700	837.028.419	883.775.649	934.112.215
COGS	358.150.117	396.807.350	418.514.209	441.887.824	467.056.108
Gross Profit	395.149.798	396.807.350	418.514.209	441.887.824	467.056.108
Other Income	6.365.316	6.000.000	6.000.000	6.000.000	6.000.000
Sales Expenses	176.573.678	166.659.087	175.775.968	185.592.886	196.163.565
Admin. Expenses	22.453.736	24.770.003	25.265.403	25.770.711	26.286.125
Other Expenses	5.921.257	5.000.000	5.000.000	5.000.000	5.000.001
Impairments					
EBITDA	196.566.443	206.378.260	218.472.838	231.524.227	245.606.416
D&A	24.708.555	23.155.005	23.618.105	24.090.467	24.572.276
EBIT	171.857.888	183.223.255	194.854.734	207.433.760	221.034.140
Interest Expense/Income	1.292.135	3.000.000	3.000.000	3.000.000	3.000.001
EBT	173.150.023	186.223.255	197.854.734	210.433.760	224.034.141
Taxation	46.757.750	54.004.744	57.377.873	61.025.790	64.969.901
Net Income/Loss	126.392.273	132.218.511	140.476.861	149.407.970	159.064.240

Source: Company's statements, N.Chrysochoidis Research Department estimates.

Table II: Cash Flows

CASH FLOW ESTIMATIONS (E)	2019E	2020E	2021E
EBIT	183.223.255,33	194.854.733,68	207.433.760,17
Tax Rate	71%	71%	71%
NOPAT	130.088.511,28	138.346.860,91	147.277.969,72
D&A	23.155.004,61	23.618.104,70	24.090.466,80
IWC	12.852.949,34	13.840.935,34	14.903.707,87
CAPEX	50.000.000,00	50.000.000,00	50.000.000,00
DCF	90.390.566,55	98.124.030,27	106.464.728,64

Source: Company's statements, N.Chrysochoidis Research Department estimates

Table III: Valuation Metrics

GROWTH	12/18A	12/19E	12/20E
Sales growth	5,35%	5,47%	5,58%
EBITDA growth	4,99%	5,86%	5,97%
Net Profit/Loss growth	4,61%	6,25%	6,36%
RATIOS	12/18A	12/19E	12/20E
Debt/Equity	0,14	0,14	0,14
Capex/EBITDA	21%	24%	23%
ROE	12%	12%	13%
WACC	7,50%	7,50%	7,50%
VALUATION	12/18A	12/18E	12/19E
Book Value	7,78	7,78	7,78
P/BV	1,63	1,63	1,63
P/E	14	13	12

Ρήτρα Περιορισμού Ευθύνης:

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Σημειώσεις/Notes

P:	Τρέχουσα Τιμή	Market Price
MCAP:	Κεφαλαιοποίηση	Capitalization
EPS:	Καθαρά Κέρδη Ανά Μετοχή	Earnings per Share
P/E:	Λόγος Τιμής προς Κέρδη	Price/Earnings Ratio
P/S:	Λόγος Τιμής προς Πωλήσεις	Price/Sales Ratio
D/A:	Συνολικός Δανεισμός προς Παθητικό	Total Debt/Assets Ratio
DY:	Απόδοση Μερισμάτων	Dividend Yield
ROE:	Απόδοση Ιδίων Κεφαλαίων	Return on Equity
FV:	Τιμή Σωστής Αποτίμησης	Fair Value Price

Οδηγός Συστάσεων/Ratings

UV	Χαμηλή Αποτίμηση/ Χαμηλός Κίνδυνος	Underpriced/ Small Risk
UV1	Χαμηλή Αποτίμηση/ Κίνδυνος	Underpriced/ Risk
FV	Σωστή Αποτίμηση/ Χαμηλός Κίνδυνος	Fairly Priced/ Small Risk
OV1	Σωστή Αποτίμηση/ Κίνδυνος	Fairly Priced/ Risk
OV	Υπερτιμημένη Μετοχή	Stock Price >10% of Fair Overvalued
N/R	Μη Αποτιμημένη Μετοχή	Stock Price >20% of Fair Not Rated